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U.S. House of Representatives Passes Rep. Rice Amendment to Combat Terrorist Use of Virtual Currencies

The Bipartisan Amendment to the Intelligence Authorization Act Requires the Director of National Intelligence and the Secretary of the Treasury to Develop a Threat Assessment Report on Use of Virtual Currencies by Terrorist Organizations

WASHINGTON – The U.S. House of Representatives passed an amendment yesterday sponsored by U.S. Representative Kathleen Rice, Ranking Member on the Homeland Security Subcommittee on Counterterrorism and Intelligence, as part of the Matthew Young Pollard Intelligence Authorization Act (H.R. 6237) that would require the Director of National Intelligence and the Secretary of the Treasury to develop and submit a threat assessment report on the use of virtual currencies by terrorist organizations. H.R. 6237 authorizes funding for the Intelligence Community, including military intelligence, counterterrorism and cybersecurity programs for Fiscal Years 2018 and 2019. The amendment, which was cosponsored by Rep. Peter King, passed unanimously and the bill passed by a bipartisan vote of 363-54.

In recent years, there have been several instances in which terrorist organizations have turned to virtual currencies to support and finance their operations. Virtual currencies offer high-speed, low-cost financial networks with access to users across the globe. Many also offer their users anonymity, making it difficult for law enforcement to track transactions. These factors have made virtual currencies an increasingly appealing tool for terrorists seeking to circumvent American law enforcement and financial institutions. As terrorist organizations and lone-wolf attackers become more technologically sophisticated, and virtual currencies become more widely accessible, this threat is only likely to grow.

“We know that the threat of terrorism has evolved significantly with new technology, and we need to stay one step ahead of these threats,” said **Representative Kathleen Rice, Ranking Member on the Homeland Security Subcommittee on Counterterrorism and Intelligence**. “Virtual currencies have exposed deep vulnerabilities in our counterterrorism efforts, creating new opportunities for terrorist organizations to finance their operations using the darkest corners of the Internet. And right now, our government lacks a comprehensive strategy with which to respond. This amendment will give law enforcement officials at all levels the information and resources they need to counter this emerging threat with 21st century solutions.”

Rep. Rice’s amendment requires a report that will include:

- An analysis of how terrorist organizations and state sponsors of terrorism could use virtual currencies to finance terrorism, as well as the gaps in federal and state regulations that could be exploited by terrorists;
- Recommendations to update regulations to more effectively address these vulnerabilities;
- An assessment on current federal efforts to study and collect intelligence on terror financing and money laundering methodologies and;
- An outline of existing legal impediments that inhibit the intelligence community from collecting information on or helping prevent the use of virtual currencies by terrorist organizations.

This amendment follows a [May 2017 report](#) from the Center for a New American Security (CNAS) that explored the potential threat of the use of virtual currencies to finance terrorist activities. Two of the report’s authors recently wrote [an article in The Hill](#) reiterating the report’s recommendations that Congress and the Administration develop a comprehensive national strategy for virtual currencies and foster innovation in the private sector to help address the threat of terror financing.

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